REMARKS

Attorney for Applicant has carefully reviewed the outstanding Office Action on the above-identified application.

The Office Action incorrectly indicates that Claims 1-55 are pending. Applicant believes this to be an error, since **56** claims are currently pending. As such, correction of this error and examination of dependent Claim 56 is respectfully requested.

Claims 1-55 were rejected in the Office Action as being obvious over U.S. Patent No. 6,029,149 to Dykstra, et al. in view of U.S. Patent No. 6,249,775 to Freeman, et al. For the reasons set forth below, Applicant respectfully traverses this rejection, and submits that the pending claims are patentable over these references, taken alone or in combination.

Applicant's claimed invention relates to an automated loan risk assessment system and method. The invention calculates a risk score for a loan based upon a plurality of risk factors including a fraud risk factor, an underwriting risk factor, a property valuation risk factor, and a credit risk factor. The risk score can be used by a loan service provider in deciding whether to fund or insure the loan.

Dykstra, et al. relates to a lender direct credit evaluation and loan processing system. The invention allows loan application information to be entered at a remote terminal and processed at a central processing unit. A credit bureau is accessed by the central processing unit, and the applicant's credit score is retrieved. Based on the credit score, the loan is either approved or

declined. The application process requires no human intervention except for entering information about the loan.

Freeman, et al. discloses a method for mortgage and closed end loan portfolio management. The invention provides an analytic tools that improves the analysis of past and future performance of loan portfolios. The invention aggregates loan units into loan "vintages," wherein the loans in each vintage originate within a predetermined time interval of one another. The vintages are then compared to one another such that the ages of the loans in different vintages are comparable to one another. The invention predicts delinquency rates expected for a portfolio of loans during a forward-looking time window. Default rates of the loan portfolios are predicted at a predetermined point in time. The results of analysis are graphically depicted to the user, to provide "yes" and "no" decisions regarding investments in various loan portfolios.

The Office Action concedes that Dykstra, et al. fails to disclose the step of calculating a risk score for a loan, as set forth in each of the pending claims (see Office Action, page 2). Since Dykstra, et al. fails to disclose calculating a risk score for a loan (as acknowledged in the Office Action), Dykstra, et al. necessarily fails to disclose calculating a risk score for a loan **based on at least two of a fraud risk factor, an underwriting risk factor, and a property valuation risk factor,** as required by independent Claims 1, 15, and 43 and their associated dependent claims. Further, since Dykstra, et al. fails to disclose calculating a risk score for a loan, it necessarily fails to disclose calculating a risk score **based on at least two of a fraud risk factor, a credit risk factor, and a property valuation risk factor,** as required by independent Claim 29 and its associated dependent claims.

Freeman, et al. fails entirely to cure the deficiencies of Dykstra, et al. Neither the block quotes of Freeman, et al. referenced in the Office Action (i.e., column 13, lines 65-67; column 14, lines 1-67; and column 20, lines 1-15), nor the entire disclosure of Freeman, et al., discloses calculating a risk score for a loan **based upon at least two of a fraud risk factor, a property valuation risk factor, an underwriting risk factor, and a credit risk factor,** as required by the pending claims. Rather, the invention of Freeman, et al. discloses a system which aggregates loans into loan "vintages" and predicts default rates of the loans. The user can then make investment decisions based upon the predicted default rates. Although the loans are assigned "good" or "bad" status identifiers (see col. 14, lines 24-32) based upon loan performance information, and mortgage scores are utilized in calculating the probability that a loan will become bad in the future (see col. 14, lines 49-65), the system of Freeman, et al. fails whatsoever to disclose calculating a risk score **based upon at least two of a fraud risk factor, a property valuation risk factor, an underwriting risk factor, and a credit risk factor,** as required by the pending claims.

In view of the foregoing, Applicant respectfully submits that the pending claims are patentable over Dykstra, et al. and Freeman, et al., taken alone or in any combination.

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All issues raised in the Office Action are believed to have been addressed. Claims 1-56 are pending and are in condition for allowance. Re-examination is requested and favorable action solicited.

Respectfully submitted,

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